

SPEECH

OF THE

HON. ADAM CROOKS,

Treasurer of the Province of Ontario,

DELIVERED ON THE 3RD DECEMBER, 1875,

IN THE

Legislative Assembly of Ontario,

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY.

REPORTED BY MESSRS. THOMAS J. RICHARDSON AND
GEORGE B. BRADLEY.

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FINANCIAL STATEMENT
OF THE
HON. ADAM CROOKS.

LEGISLATIVE ASSEMBLY,
TORONTO, *Friday* 3rd December, 1875.

MR. SPEAKER,—In accordance with the usual custom in moving the House into Committee of Supply, I will proceed to lay before honourable members a statement of the position of the financial affairs of the Province. They will understand that it has only happened on two occasions that this explanation has been given after the Public Accounts for the complete financial year have been in the hands of honourable members. On all other occasions since the Sessions of this House began, explanations have been given by the Treasurer, under similar circumstances to the present, with a statement only for part of the current year. Mr. Treasurer Wood made one of his statements in January, 1871, but the Public Accounts for the preceding year had not then been printed; Mr. Mackenzie was, however, able in February, 1872, to make his statement with the Public Accounts for 1871 completed and distributed; and on the first occasion when I addressed the House in this capacity, on the 24th of February, 1873 (the same day as Mr. Mackenzie had made his statement in 1872), the House was in possession of the accounts of all transactions of the previous year. When Mr. Wood made his statement in January, 1871, he only submitted as its basis the accounts for the ten months of the previous year, and upon reference to the proceedings of the other Sessions honourable members will find that they were only in possession of a nine months' statement of the transactions of the other years when Mr. Wood made his financial statements. Honourable members will, however, be able to readily understand from

the Public Accounts of 1874, and the nine months' statement for 1875, now before the House, what the financial position of the Province now is. Some doubt may still exist whether the statement I had the honour of making to the House in November, 1874, would stand investigation. It will therefore be interesting to refer to this statement, and compare it with that which I propose to offer now. The former statement was brought up to the 30th September, 1874, and I propose to take the same day in 1875 as the termination of our transactions, so that the comparison may be on the like basis. The amount stated to be the excess of Provincial assets over liabilities on the 30th September, 1874, was the sum of \$5,-756,352 91. The particulars were given in detail in my speech of last year. The statement which I now present will show that the surplus on the 30th September, 1875, or the clear excess of assets over liabilities, amounted to \$5,096,376 84. The difference arises thus:—Last year I did not deduct some liabilities not then ascertained, but which I have deducted now. I, however, mentioned on that occasion that after drawing the line between assets and liabilities, there was the share of the Province of Quebec in collections from the Common School lands since July 1st, 1867, and the liability to appropriate to different Counties of Ontario their proper quota of aid under the Prison Inspection Act. I introduced these as probable liabilities, as well as the annual sum of \$100,000 to be added to the Railway Subsidy Fund. As these increase year by year the liability diminishes. Three payments were credited last year, while this year there are four. The difference between our surplus last year and this is thus \$659,976, and this can be readily and clearly explained.

The liabilities which I did not actually charge last year against the assets are the following items representing Quebec's share of Common School Fund collections since 1st July, 1867, \$325,657.12; and aid to counties for gaols, under Prison Inspection Act, \$60,000. Interest on the unpaid amount of the surplus distribution has also accrued, and further investments in drainage debentures, as well as \$100,000 added to the Railway Subsidy Fund, have also to be considered. These amounts make up \$603,417, and explain so much of the difference. Hon. members will therefore see that our position on 30th September, 1875, was substantially the same as it was on 30th September, 1874, notwithstanding the very large payments we have made on the Railway Aid and Subsidy

accounts, and to the municipalities, towards distributing the large sum of \$3,000,000 amongst them. To avoid taking up the time of the House, I propose to furnish a statement of the details with my printed speech, showing the different items of assets, and those which are chargeable as liabilities. I will be glad to give now information in regard to any specific item if it is desired.

Hon. Mr. McDougall—As the items are very few, perhaps the Treasurer will run them over.

Hon. Mr. Crooks—Then we begin with our assets: On 30th September, 1875, first investments, comprising Dominion 6 per cent. stock and bonds, \$850,000; ditto 5 per cent. debentures, representing £400,000 sterling, but which only cost \$1,897,805.01, making the total invested in Dominion securities \$2,747,805.01.

Mr. Lauder—You have made no change in that.

Hon. Mr. Crooks—No, the amount is the same as before. I put down the actual cost. The amount in the banks on special deposit, bearing five per cent. interest, on 30th September, 1875, was \$1,373,000; and the balance to our credit on current account was \$24,248.63. The amount invested to 1st January, 1875, in five per cent. municipal drainage debentures, \$104,173 87, and the amount purchased since is \$57,797 32, being a total of \$161,971 19. The amount of municipal rent-charge for drainage works now under assessment is \$174,813 13, and the further sum of \$65,858 97 is charged in respect of works not yet completed. The total amount thus secured is \$240,672 10. Balance unsold of municipal debentures on 30th September, amounted to £35,100 sterling, or \$170,820. Some of these have been realized since, so that only a small portion of these municipal debentures remain unsold. I will presently state what they realized. There are also the special or trust funds in the hands of the Dominion. I made an effort last year to convince members that, as far as these funds were concerned, they were just as much assets of the Province of Ontario as if they were represented by ordinary Dominion securities. I pointed out that from the beginning of Mr. Wood's administration of the Treasury Department he contended for this, and also that upon the arbitration between Ontario and Quebec, the arbitrators concurred in his contention. I showed that the Statute which established a Consolidated Revenue Fund for the Province of Ontario included therein these special funds, and I also referred to the acknowledgment of the Auditor-General that these funds were held by the

Dominion for us, and that that Government was paying us \$136,696.62 interest upon them. The only reason for our not having the amount in Dominion marketable securities at this time is the unsettled state of matters between this Province and Quebec. The Dominion Government does not deny our title at all to these securities, but it prefers that the matter should remain in this condition, and that we should draw the interest until the open questions with Quebec are settled. We have, however, been getting since 1868 the same advantages in the way of interest from these funds as we are getting from the ordinary five per cent. debentures.

Mr. LAUDER—What are these funds?

Hon. Mr. CROOKS—I have mentioned them already in two statements. If one goes into the origin of these funds, members will be convinced, as the arbitrators were, that they belong to the former Province of Upper Canada, as contrasted with the former Province of Lower Canada. The Upper Canada Grammar School Fund was established by the Act (2 Vic. cap. 10) of the old Province of Upper Canada, under which 250,000 acres of land were set apart for Grammar School purposes. The proceeds of that land sold up to the 1st July, 1867, amounted to \$312,769 04. Our title to that is as clear as to the Parliament Buildings we are in now. Then there is the Upper Canada Building Fund, and, as the honourable member for South Simcoe will probably recollect, that was an equivalent to certain appropriations made to Lower Canada for the extinguishment of the seignorial tenure, and it is clearly an item to which Upper Canada had a title then, and which cannot be disturbed now. If a reference is made to the Act of 1854, section eighteen, it will be seen that there was a specific appropriation of an amount to form this fund in favour of Upper Canada as a set-off against advances made to Lower Canada for the settlement of seignorial rights there. That fund, on the 1st July, 1867, amounted to \$1,472,391 41. The Common School Fund was established by the Consolidated Statutes of Canada, cap. twenty-six, under which 1,000,000 acres of land were set apart for Common School purposes. It was conceded before the arbitrators that Lower Canada was entitled to a proper proportion of that fund with Upper Canada, and that being adjusted on the basis of the population by the census of 1861, Upper Canada would receive five-ninths and Lower Canada four-ninths of the fund, which, on the 30th June, 1867, amounted to \$1,645,644 42, thus giving Upper Canada \$914,246 90. These special funds amount to more

than two millions and a half in the aggregate, or to the sum of \$2,699,407 35. I may also mention that the arbitrators found we were entitled to five-ninths of the value of the Parliamentary Library of the old Province of Canada. It was taken over by the Dominion Government, and they found that the Dominion was liable for the payment of its value. This would also appear to have been admitted on behalf of the Dominion before the arbitrators, and there can be no question but that this item of \$105,541 stands to our credit, and that we can claim it with interest at any time from the Dominion Government. Then there is the premium on the Dominion securities held by us, which I estimated last year, taking their marketable value at the rates quoted in London, at \$267,113.09. The assets of the Province, comprising these items, amount in the aggregate to \$7,790,578.37.

The liabilities to be set against these assets, fortunately for the Province, lie in a very small compass. They are represented, first, by the unpaid amount of the Railway Aid Fund. That amount, I am glad to say, is being diminished year by year; and notwithstanding the depressed state of the country, the demands upon it have been considerable this year, and two hundred completed miles have been added to our railway system. Of the amount of grant (\$1,900,000), the undrawn balance is \$941,258, or about one-half. The Railway Subsidy Fund represents a liability of \$282,187 64, being amount of annual appropriation for three and a half years to 30th June, 1875, \$350,000, less amount paid to 30th September, 1875, \$67,812 36. Of the three millions odd set apart for distribution among the municipalities, there was, on the 30th September last, still to be paid the sum of \$1,085,098 77, the amount of the original appropriation having been reduced up to that time by the sum of \$2,030,634 89. Quebec's share of the Common School Fund, to which I have already referred, amounts to \$325,657 12, the total amount collected up to 30th June, 1875, being \$732,728 53.

Mr. LAUDER—What about the interest?

Mr. CROOKS—The interest, of course, will have to be considered; it is a question to be raised and discussed.

In addition to the liabilities named, there is \$60,000 for aid to counties for gaols. The total assets are \$7,790,578 37; liabilities, \$2,694,201 53; showing a surplus of \$5,096,367 84. Beyond this amount of surplus we have expended, out of the moneys of the Province,

a large sum in the shape of public buildings, public works and other permanent improvements. I have here a statement taken from the Public Accounts which shows that payments for public improvements amounted, at the end of 1874, to the large sum of \$2,206,586 56.

Mr. McDOUGALL—Since when ?

Mr. CROOKS—Since 1st July, 1867. I have the statement in detail.

The statement shows the nature of the expenditure. On the Insane Asylum for Toronto the Government have expended \$207,499 71 since July, 1867. The building, as one of the local institutions, was assigned to us by the Dominion Government, and we paid nothing for it. On the Insane Asylum at London the amount expended is \$420,851 54 ; on the Asylum at Hamilton, \$55,000 80 ; Reformatory, Penetanguishene (which came to us from the old Province of Canada), \$17,515 38 ; Central Prison, \$428,875 91 ; Deaf and Dumb Asylum, Belleville, \$126,832 68 ; Blind Institute, Brantford, \$125,291 16 ; School of Agriculture and Farm, Mimico, \$48,344 50 ; and at Guelph, \$102,488 30 ; Normal and Model Schools and Education Office, Toronto, \$40,708 59 ; Normal and Model Schools, Ottawa, \$62,189 03 ; School of Practical Science, \$57,527 65 ; Osgoode Hall, which the Province acquired from the Law Society on condition of maintaining it, and which represents a very valuable property, \$2,436 32 ; Government House, \$113,586 56 ; Parliament and Departmental Buildings, \$98,396 25 ; and the expenditures on registry offices and lock-ups in the outlying districts and smaller works make up the amount stated. We have also expended on the improvement of inland waters \$269,123 60, which is represented by dams, locks, slides and other works.

I propose to make now a statement which I have not hitherto made, and it is a *resumé* of the financial operations of the Province since the 1st July, 1867. It will be found, on reference to the Public Accounts of different years, that we have had to deal with no less a sum in the aggregate, down to the end of 1874, than \$19,188,642 52 of receipts, and have conducted an expenditure of \$14,214,157 22 during the same period. I have here a statement of the receipts and expenditures from December 31st, 1868, to December 31st, 1874,

showing the receipts and expenditures in each year, and the amount unexpended, or the excess of receipts over expenditures, and the excess of expenditures over receipts. I will not trouble hon. members by going through the figures, but by reference to this table it will be seen that there has been a considerable excess of receipts over expenditures, and that whatever may have been the portion of the surplus accumulated up to the end of 1871, there was \$1,714,894 73 added to it in the two years 1872 and 1873, so that hon. members will at least give some credit to this Government for not having diminished the surplus. (Hear, hear.) We have not only a visible, tangible surplus existing, but the existence of it depended just as much on the operations of 1872 and 1873 as it did on the years preceding. It appears that the excess of receipts over expenditures, amounting to \$5,525,859 89, was contributed by these two years in quite as large proportion as by preceding years. We have only two years as against four, but so far as the general management of the finances of the Province is concerned, it has clearly not suffered. (Hear, hear.)

Mr. LAUDER—That includes the amount from the timber sale.

Mr. CROOKS—I have the exact sum we received from that source. In 1874, however, the tide turned, and in that year we expended \$425,144 89 in excess of our receipts, but we paid two millions on account of the Surplus Distribution and more than half a million on account of the Railway Fund. We have been drawing down the resources of the Province by about two and a half millions, but against this nearly \$800,000 was realized in 1874 from sales of the Municipal Loan Fund Debentures—a transaction upon which the country has given its testimony whether I deserved the censure or approval of my fellow-countrymen. (Applause.) I will show what the receipts and expenditures proper of the year were, but I want now to show what have been the gross receipts on the one hand, and the gross expenditures on the other. I desire first to show what has become of the funds, in order to give evidence to hon. gentlemen who cannot see this surplus, that there is as tangible a surplus in existence as if the hon. member for East Grey was able to handle it. I suppose, however, that he has not sufficient confidence in any one to believe that a surplus does exist, unless he has the opportunity of handling the funds themselves. (Laughter and cheers.) The total excess of receipts over expenditures is

\$5,525,859 89, and the excess of expenditures over receipts \$425,144 89, leaving an excess of receipts amounting to \$5,100,715. What have we done with it?

Mr. MACDOUGALL—That is the question.

Mr. CROOKS—I propose to show; though to satisfy some hon. gentlemen we should have the money itself or the deposit receipts to produce. The hon. member for East Grey started this Session under the impression that the matter as to the surplus was still in doubt. I desire to remove that doubt, and then I expect to find the utmost cordiality between him and me for the rest of the Session. (Hear, hear.) I propose on this and all other occasions, in connection with any duty I may have to discharge, to give hon. members the fullest opportunity of being thoroughly informed in reference to our financial affairs. (Hear, hear.) The statements made during the political campaign, that in my position as Treasurer I had endeavoured to stifle investigation, were entirely untrue. (Cheers.) I state in this House, as I have stated to my friends in South Oxford, that all these allegations were untrue, and had place only in the imagination of my hon. friend the member for East Grey. (Cheers.) The Government has invested, as I have mentioned, \$2,747,805 01, and the amount on special deposits in the banks on 31st December, 1874, was \$1,328,348 69, making a total of \$4,076,153 70. The difference between this sum and \$5,100,715 is explained by adding special payments not included in my previous statement as expenditures, viz: Railway Fund, 1872, \$372,786; Railway Fund, 1873, \$426,642; Drainage debentures, \$53,949 22; making an aggregate of \$853,377 22. This added to \$4,076,153 70, gives \$4,929,530 92, which deducted from \$5,100,715, leaves a balance of \$171,184 08 to be accounted for. But if the Public Accounts of 1874 are referred to, it will be found that the exact cash balance on current account in the Bank to the credit of the Province on 1st January, 1875, was that sum, and my statement thus proves itself.

Mr. MACDOUGALL—Your statement is taken from the Public Accounts, but it is no proof.

Mr. CROOKS—The Public Accounts do not show the difference in the aggregate of receipts and expenditure in the form I have just given for the whole period. All the figures are, of course, contained in the Public Accounts, but we do not find there the summary I have drawn. The

balance of \$171,184 08 I had to account for, and on looking for it I find it in the bank, the very place where it ought to be.

As I have mentioned, the total amount of the receipts of the Province during the seven years ending December, 1874, was \$19,188,642 52 and I propose to account for that sum also in a different way, for the purpose of seeing whether or not there has been any year of extravagance in the administration of the financial affairs of the Province, or the contrary. If I can show that these nineteen millions have been applied to objects of public utility, and for the purpose of carrying out the different provisions which this House has from time to time enacted, it will afford proof that both this Administration and the one which preceded it are free from the charge of anything like extravagance when we consider their dealings with the funds of the Province year by year.

We have, then, invested \$4,076,153 70 ; in public works and building \$2,448,179, 04 in drainage debentures \$108,187 78, in drainage rent charges \$174,813 13, in Railway Aid Fund payments, \$799,428, in Railway Subsidy Fund \$52,010 90, and in payments for Municipal Distribution \$1,361,101.59, amounting altogether to \$9,019,874 14 out of the nineteen millions, leaving \$10,168,768 38 to represent the expenses for the different years on the various subjects for which the Government is responsible. We have to account for an expenditure of ten millions for seven years, or an average of less than a million and a half of dollars a year. The details of that can be found in the Public Accounts, covering all the heads on which it is necessary to expend the funds of the Province. It is incumbent on us to carry on the Government and to maintain this Legislature in the discharge of their respective duties. We have what is a very heavy burden indeed—to maintain the whole system of administering justice. Criminal as well as civil justice must be paid for out of Provincial revenues. The Dominion Government only relieves us from the payment of the salaries of those judges whom it appoints, but in all other respects the cost of this very important branch of the service falls upon the Province ; the payment comes out of its resources, and the responsibility of seeing that the judicial machinery is in efficient working order depends upon the Ontario Government. We have also to provide for the proper maintenance of our educational system, and to maintain our

public institutions in our position as a civilized community. We have to see that these public institutions are erected and maintained whenever the exigencies of our community require them. We are also bound to open up the unsettled portions of the country by means of colonization roads. In fact, in every particular on which the welfare of the country depends, the Province of Ontario has a charge upon its resources.

Last year I undertook to draw two conclusions—first, the probable amount of our revenue for any particular year ; and next, the probable amount of our necessary expenditure. I took then our normal income to be about two millions and a half, and our expenses \$1,800,000 on current account, without reference to what might be required to be expended on or be properly chargeable to capital account. Since making that statement we have run through nine months of the current year, and we have the whole of the operations of the year 1874 as our guide now, though we had only three-fourths of that year when I made my statement in 1874. In 1868 the receipts were \$2,260,176 49, in 1869 \$2,625,179 29, in 1870 \$2,500,695 70, in 1871 \$2,333,179 62, in 1872 \$3,060,747 97, in 1873 \$2,962,315 56, in 1874 \$3,446,347 89. But the normal receipts for 1874 were only \$2,646,872, \$799,525 having been received from the sale of municipal debentures during the year. I am convinced that that estimate of two millions and a half was a safe one, if the revenue from the Crown Lands Department had not been so exceptionally low as hon. members will find it has been during the present year, 1875. I have given information as to the sources from which our income is derived. The ordinary expenditure of the Province might be placed at \$1,800,000, but this does not include expenditure on capital account, or colonization roads, or other objects of the like nature, but merely what the Province was called upon to expend in order to keep up the machinery of Government and the different institutions charged under that head. In 1874, excluding the special expenditure, the refunds and repairs to public buildings, &c., the ordinary expenditure was \$1,620,079 ; but I assume, and I wish hon. members to understand, that as we add to our public buildings we add to our public charges. If we increase the accommodation for the lunatic class, we will add to the amount required for the maintenance of those institutions ; so also, if we add to our number of normal schools or make other additions to our educational system, we must pay therefor. Members

will therefore understand that it is scarcely possible to reduce to a lower scale any of the expenditures appearing in the estimates except those which are in the discretion of the House ; but in regard to those expenditures which are obligatory upon us they will not probably, even with the greatest possible economy, be brought to a lower scale than the present one, and will probably increase with the wants of the community and the increase in population.

Mr. McDUGALL—Hear, hear.

Mr. CROOKS—Then, in order to partially test these estimates, I will ask hon. members to turn to the Public Accounts of 1874. On reference thereto they will find that I estimated the receipts for that year at \$2,394,857 ; the gross amount of receipts for the year was \$2,646,872, excluding \$277,948 05, balance standing at the credit of the Province in the bank. Our actual receipts—our receipts proper—excluding any money in the banks, were \$2,646,872, showing an amount of \$252,015 over my estimate. (Hear, hear.) This will be easily explained by reference to the items. On the other hand, what has made the financial results of 1874 satisfactory is our diminished expenditure as well as our increased receipts, so that, fortunately for me, as Treasurer, I have an increase of receipts and a decrease of expenditure as compared with my estimates.

Mr. McDUGALL—What is the total amount of the difference ?

Mr. CROOKS—The estimated expenditure, if reference is made to the Supply Act, 1874, will be found to be \$2,684,176, while the actual expenditure was \$2,408,966. This will be found on reference to the Public Accounts for 1874 (Statement No. 38). Members will also find that \$58,000 is charged for the second Session of 1874, though that is included in the appropriation for the year 1875, and of course has to be deducted from 1874. I have thus shown that in 1874 we have an excess in the receipts amounting to \$252,015, and a diminution of \$275,210 in the expenditure ; so that the operations of the year 1874 are more than half a million better than I estimated in my statement at the commencement of that year. (Hear, hear.)

Mr. LAUDER—You have not expended the money, that is all.

Mr. CROOKS—I wish to convince the honourable member that there is a large amount of money not expended. Then I come to 1875, but I have only nine months of this year as a basis. I take last year's re-

ceipts as the probable receipts for the year 1875, and they have been diminished by the falling off in the Crown Lands, from the public domain, and from Woods and Forests. The probable receipts for the year I took to be \$2,518,291 42, and that would give me a margin of \$292,693 42, as the Supply Act authorized an expenditure of only \$2,225,598. The actual receipts for the nine months of this year have been \$2,013,823 91, showing, out of my estimate of two millions and a-half about half a million to account for. There are, however, still three months of this year, in which I expect to realize \$253,000, leaving short \$251,467 09, and that will probably be the result of the year 1875 at its close. The receipts of the year will probably reach \$2,266,823 91, but that will cover my expenditure for 1875. I estimated that the receipts from Crown Lands would probably be \$752,000, whereas they will amount to only \$461,677, or \$290,323 less than I had anticipated. While other sources of revenue have exceeded my estimates, the Crown Lands Department will probably show this diminution. On reference to the Public Accounts honourable members will find a statement of the operations of the Crown Lands Department from 1868 to 1874. The receipts in 1868 were \$382,782 92, as compared with \$653,257 12 in 1869; in 1870 they were \$552,887 03, as compared with \$686,193 52 in 1871, or an average during those four years of \$566,280 39. In this statement the Clergy and Common School Lands are not included, but only the receipts from the Woods and Forests, and Grammar School and Crown Lands. In 1872 the receipts rose to the large sum of \$1,178,764 64, due in a great measure to the very successful sale of timber licenses.

Mr. LAUDER—Repeat the sale.

Mr. CROOKS—The country would be very glad if the sale were repeated. In 1873 the receipts of the Crown Lands Department were \$889,909 83, and in 1874, \$524,358 65, and in that year the effects of the depression in the lumber trade were beginning to be felt. In 1875 we expect to receive only \$354,176, and hon. members will thus easily perceive that the diminution observable in the gross receipts of the Province for the year chiefly arises from the falling off in the Woods and Forests branch of the Crown Lands Department, from which so much of the revenue is derived. The revenue from the ordinary Crown Lands, and from Grammar School Lands, is yearly diminishing, and will continue to do so until it becomes *nil*. We have received this year nothing

for bonuses, for we have had no sales ; but from ordinary revenue from working the timber limits we will receive \$245,201, and we have accruals to collect to the amount of \$125,000. This is based on the estimate of the Commissioner, and is probably correct. But while the receipts show a diminution, the expenditure of the Department will be reduced. I assume that the amount I took for 1875 will not be exceeded. I anticipate there will be a surplus at the close of 1875, just as there was a surplus at the end of 1874, and that there will be nearly \$200,000 of the appropriation still in hand when the present year is closed.

Before proceeding to refer to the estimated revenue from this source for 1876, I will mention for the information of the House what has been the result of the sales of the Municipal Loan Fund Debentures. The amount of those debentures, and which represented the reduced debts of the municipalities, was £363,000 sterling, or \$1,800,000 ; that is, after crediting the Municipalities of Brockville, Lanark and Renfrew with the amounts payable to them in connection with the settlement of the judgment obtained by the Canada Central Railway for a grant of land, and which was effected under the authority of an Act of the Legislature passed upon a full consideration of all the facts. Now, hon. members in dealing with this question about the Municipal Loan Fund debt, forget that the basis of the measure depended entirely upon the aggregate amount of the obligations of each indebted municipality, and that was determined not by the reduction which this House agreed to, on the motion of my hon. friend the Attorney-General, but by the Act passed by the former Province of Canada in 1858. I refer to this Act because some hon. members discuss this subject without attempting to understand it, and say that out of ten or twelve millions of debt due to the Province of Canada, this Government has made ducks and drakes of most of it, and has only a million and a half left to represent it ; and this is dwelt upon as showing how unsatisfactory the administration of public affairs has been under a Reform Government. Let us understand this matter. What was the basis of the most important reduction made in these debts ? That will be found in the enactment of 1858, introduced by a Conservative Administration. That Act established that the utmost liability of any borrowing municipality was to be represented at the rate of five cents in the dollar upon the assessed value of the property in the year 1858 ; that for all time to come the obligation of the muni-

cipality was only to be measured by the assessed value of its property in 1858, and all beyond the rate of five cents in the dollar was effectually wiped out by the operation of that Act. Some hon. gentlemen have discussed the question without being properly informed, so I will refer to the two sections of the Act which show what the true liability amounted to when the Hon. the Attorney-General introduced his resolutions. Section 88 of chapter 83 of the Statutes of Canada says:—

88. A sum equal to the amount of five cents in the dollar on the assessed yearly value, or a like percentage on the interest at six per cent. per annum on the assessed value of all the assessable property in every municipality which has raised money by debentures issued under the Acts mentioned in the preamble to the last preceding section, shall be paid by such municipality to the Receiver-General, on or before the first day of December, in the year one thousand eight hundred and fifty-nine, and every year thereafter, unless and until the total amount in principal and interest payable by such municipality to the Receiver-General under the said Acts by reason of such loan have been paid and satisfied, or a smaller sum shall be sufficient to satisfy the same in any year, in which case such smaller sum only shall be so paid.

Then section 91 decides that the assessment shall be that of 1858 :—

91. The sum aforesaid shall be *instead of the payments which the municipality would otherwise be bound to make* to the Receiver-General under the Acts hereinbefore mentioned ; But if it be not paid as hereinbefore required, the municipality shall be held to be in default, and shall be liable to be dealt with in the manner provided by this Act, with regard to municipalities in default.

So that the first principle on which the Attorney-General offered his resolutions to this House for sanction, was to take the debts capitalized on the assessment of 1858 at 5 per cent. This effect of the Act brought down these debts to three millions odd, and the next step was a very easy one. It was to do in favour of municipalities aiding railways before Confederation what we have been doing for railways since, and to refund them the amount of aid they gave to railways, to the extent in which this was rather public and general than municipal or local in its character ; to allow them something for their public contributions on the basis of what the Legislature has assumed as its minimum, namely

\$2,000 a mile ; the Town of St. Catharines being allowed \$3,000 a mile in respect of its aid to the Welland Railway. A further reduction was then made, which members, and especially those who represented the non-borrowing municipalities, were ready to acquiesce in, by which, if the amount was still found to exceed a two cent rate upon the assessment, it should be brought down to that limit ; in other words, that no municipality should be required to raise more than two cents on the dollar to meet these old obligations. No member who represented a constituency during the last Parliament has any right to complain, for there was no member who did not thoroughly acquiesce in these principles, and it is too late for any member now to discuss this question, for it is no longer open. It was pronounced upon emphatically by the last House, and that action has been confirmed by the country at the general election, together with many other matters with which this Administration had to deal during the last four years. The amount received for debentures up to the 31st December, 1874, was \$799,525, and up to the 30th September, 1875, \$593,286, making a total of \$1,392,811, and leaving \$170,820 yet to realize, amounting in all to \$1,563,631.

I now propose to give hon. gentlemen the position which the year 1876 is likely to assume with reference to its revenue and expenditure. My estimate of the revenue for 1876 is \$2,350,000, basing it on similar receipts to those of 1875, except that I allow for a difference in receipts from Crown Lands, which I estimate at \$588,000 as compared with \$752,000 estimated and about \$500,000 received for 1875. The Department assumes that its operations will be more satisfactory during the coming than they have been during the present year, and that the deficiency for the present year will be made up in 1876.

Mr. McDOUGALL—Does the hon. gentleman concur in that assumption ?

Mr. CROOKS—So far as my information at present goes, there appears to be no reason why the revenue should not increase to the amount estimated, which would be about the average of the previous years, the average revenue for the years extending from 1868 to 1875 being \$588,000. The return on which this estimate is based is the following :—The Assistant-Commissioner reports that he anticipates the receipts of the Department for 1876 as follows : Crown Lands \$75,000, Grammar School Lands \$8,000, Clergy Lands \$30,000, Common School

Lands \$45,000, Woods and Forests \$430,000. This estimate was prepared under instructions that it should be under rather than over the mark.

The expenditure for 1876 is by the present estimates \$2,135,245. Of course there will be some additions by the supplementary estimates ; it is not possible, nor is it always proper, to bring down the entire estimates at this early period of the session. Supplementary appropriations are required in order to meet the demands of legislation enacted during the session. For example, if it shall appear that additional accommodation for the lunatic class must be afforded, as was mentioned in His Honor's speech, there must be an additional estimate for the maintenance of those institutions. There are some other items which will appear in the supplementary estimates, but the amount will not be considerable, and the aggregate expenditure may be anticipated as about equivalent to that for 1875. I do not assume that for 1876 the Government will require larger appropriations than for the previous year.

I may now briefly refer to what the estimates for 1876 present. As a rule, hon. members will find under the different heads that there are no considerable increases. There is a slight increase under the head of Legislation ; the increase of \$5,000 is accounted for by the additional number of members of the Legislature. The increase of crime in this community, and its grave character in many cases, has caused a larger expenditure in the administration of Justice than formerly. The estimates under the head of Education are \$529,930. With regard to the next head, which involves Public Institutions, the estimates show a small increase, and in discussing the details hon. members will see the reason for it. On turning to the estimates for Immigration it will be found that they are \$42,000 less than the estimates for last year the amount proposed to be asked being \$79,000, as against \$121,000 last year.

Mr. McDougall—Estimated or expended ?

Hon. Mr. Crooks—These are the estimates for 1876. I say that the Government propose to ask for 1876 \$79,000, whereas the estimate for last year was \$121,000. The items which give rise to this decrease can be explained when we come to the discussion of the different items of this service ; but the chief ground is pretty fully stated in the Immigration

Report for 1874. It mainly arises from the change in the agencies under which this service is now being performed—for the cost of the agency in Europe will be \$7,800 instead of \$13,000 in 1875, and a much larger sum in 1874; and the cost of the agencies in Canada will be \$2,400 instead of \$7,100. The difference, both in respect to the former increased cost of Immigration and the present diminution, is easily explained. Until 1871 the Dominion Government was defraying almost the whole expense of the service. None of the Provinces were directly instrumental in taking any part in promoting immigration, or paying anything for it. It was by means of the General Office in London, in charge of Mr. Dixon, that all immigration efforts were promoted. The only staff employed was Mr. Dixon, in London, and travelling agents and lecturers. The agency in Quebec and the agencies at important points in Ontario were under the control of the Dominion Government, so that under the former system the Province of Ontario was especially relieved from spending much money in promoting immigration. The Dominion Government thereupon represented that Ontario was practically getting the larger benefit from this expenditure, and that out of the immigrants brought to this country, Ontario was probably getting two-thirds; so it became necessary for Ontario to submit to what the Dominion Government required. That was, that the Province of Ontario should pay two-thirds of the cost of conveying immigrants from Quebec to points in Ontario, and also the expense of the distribution of immigrants to different points in Ontario. The expense of further transporting the immigrant, after his arrival in Ontario, as well as his necessary maintenance, was also laid upon us. This new arrangement was made in 1871. The operations of 1872 and 1873 were based upon it, and honourable members will find, from the accounts for those years, that the first time any amount was paid to the Dominion Government was in 1873, on account of 1872. Then, for the first time, in 1872, the bonus system was adopted, and you will find in the expenditure for 1872 and 1873 large sums paid for bonuses to immigrants. It was thought desirable that that system should be adopted, in order to meet the competition which was then springing up from other countries. The honourable member for South Simcoe is thoroughly acquainted with all matters connected with immigration; he has made it a study, and probably understands more about it than any honourable member—certain-

ly more than the member who is addressing the House. In 1872 and 1873, you have in consequence large sums paid for immigration. The immigration policy is always one in which it is necessary from time to time to make changes. You cannot predicate anything from one year to another, and so it is one of those services in which constant vigilance is to be kept in seeing how it works. The bonus system has fulfilled its purpose, and has had the effect of attracting a large immigration to Ontario. It had the effect not only of a prominent inducement, but of affording substantial relief to the immigrants who came to the Province. In the unequal contest which Canada and Ontario are carrying on in stimulating immigration from the British Isles and Europe, our only advantage is the shortness of the sea voyage and comparative accessibility of the Dominion as compared with other countries seeking immigrants. No difficulties should arise between the Dominion and the Provinces in working under the agreement of 1874, and there is one common end to be served. Practically a large share of the immigration would always come to Ontario, and it is useless therefore to duplicate the efforts made by the Dominion Government. In regard to those expenditures which Ontario, in its Provincial capacity, should in principle sustain, a provision is only asked for in the estimates. The sum of \$25,000 is taken to be used on the other side in assisting the transportation of selected emigrants of the class required by our labour wants. The Immigration Department has also been a distinct department of the Ontario Government, and had a large amount of work to discharge on account of the numerous arrivals and the different claims made for bonus payments. The work of the Department has, however, diminished under the new arrangement, so that the commissioner in charge will be able, with the assistance of one clerk, to discharge all the duties now required. The expenditure on the other side of the Atlantic has been reduced to the stipulated sum under the agreement of 1874. Ontario agents at outlying stations will cease to exist at the end of this year, and this Province will only have a sub-agent in the Dominion office in London. Our expenditure will, therefore, be restricted to those items which it is incumbent upon the Province to assume, having regard to its interests and requirements. I need not trouble hon. members further on this head, but pass on to other appropriations. The details appear in the estimates and will explain themselves. I may mention, however,

a subject on which I shall be able to afford information, and which may enable the hon. member for East Grey to be more correct in his speeches in the future. That hon. member has charged the present Reform Government with extravagant expenditure; but he will no doubt agree that there should be correct data on which to base any such statement. It does not follow that because the expenditure in any department of the public service for one year as compared with another is greater, the Government should be charged with extravagance. The true way of considering the question is to look at the extent of the business transacted, and then apply as the test the expenditure incurred. Let hon. members consider the volume of receipts and the expenditures, and ascertain the cost of management, and then a proper basis for a charge either of extravagance or of efficiency would be established. Now, as Treasurer, I wish the hon. member to understand that I repudiate charges of extravagance which have been made without having regard to the onerous and responsible duties which have to be discharged by any Government. If you take the years 1871 and 1873, and ascertain the receipts for 1871, and the expenditures under the head of Civil Government, you will find the average percentage, having regard to the receipts, was \$3 86. On the receipts of 1873 there is not an appreciable difference, the amount being \$3 87 per cent. If you take the aggregate expenditure from 1868 to 1871, and that of 1872 and 1873, you will find the percentage on the former to be \$5 63, and on the latter \$4 90—or, if you take into account the additional payments for the Railway Fund, \$4 10.

Mr. MERRICK—Why not 1873 and 1874 instead of 1872 and 1873?

Mr. CROOKS—I have not brought down the calculation so far, but if it were, the expenditure would be two millions in my favour. (Hear, hear.) The total expenditures for the four years from 1868 to 1871 inclusive amount to \$6,023,063 55, or about a million and a half a year, while in 1872 and 1873 they were \$4,308,168 80; while the total salaries for the four years were \$339,949 15, and for the two years \$211,368 26. The average expenditure for each of the two years was \$2,154,084 40. The gross expenditures in 1874 were more than \$3,871,000, so that the deduction, having regard to the cost of management of 1874 as against that of 1873, is entirely in our favour.

Mr. LAUDER—Is the hon. gentleman arguing that the increase in the expenditure is proportioned to the amount of receipts ?

Mr. CROOKS—The true principle on which to judge of economy is to test the cost of management by the volume of the transactions to be carried on during the period, because whether that be larger or smaller will depend the difference in the staff which entails the expenditure ; so that if the transactions from 1868 to 1871 were less in amount than those since, a less cost would be involved.

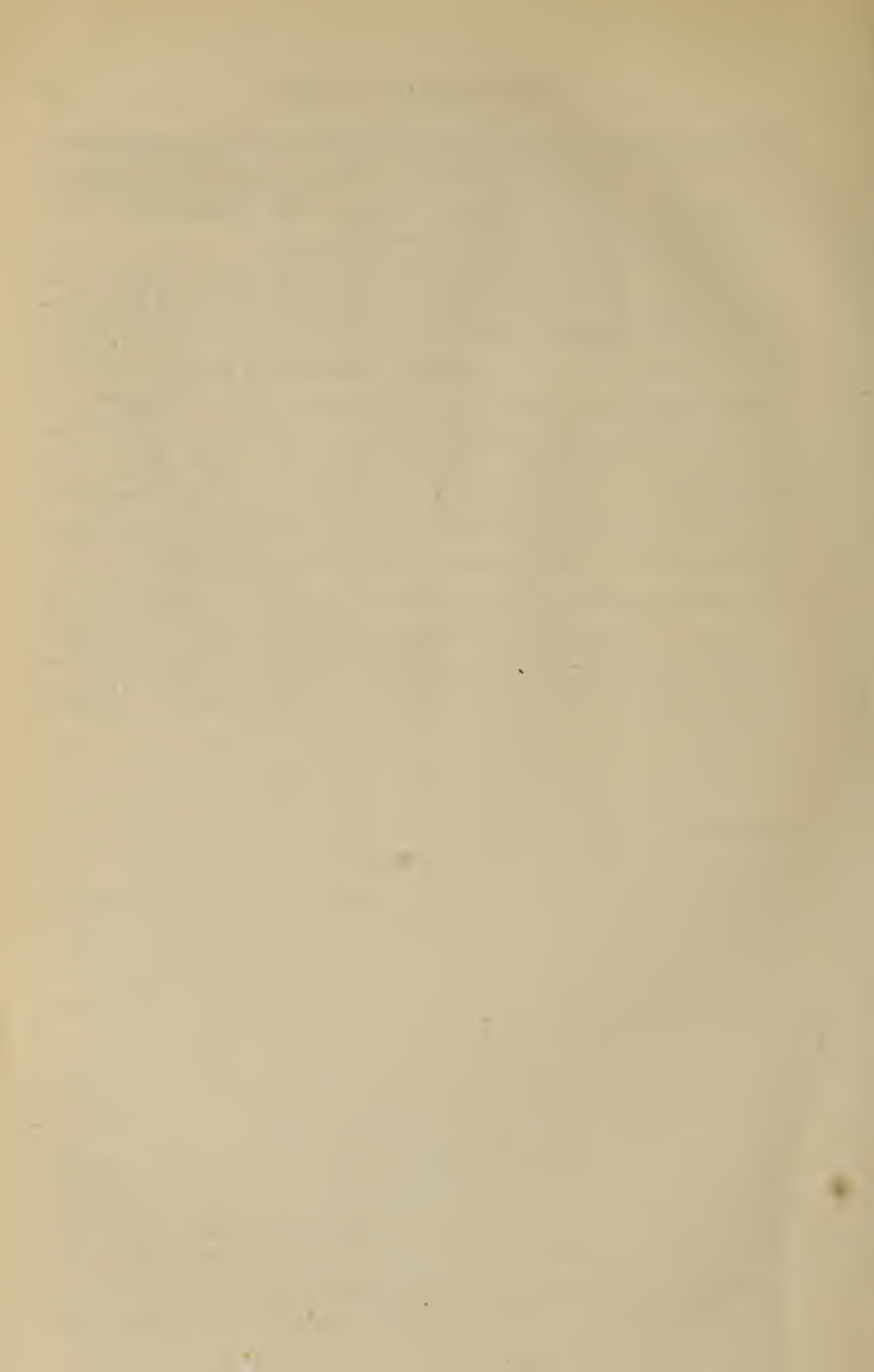
Mr. MERRICK—Do you say the percentage would be increased ?

Mr. CROOKS—No. We have been endeavouring to carry on the business of the country with a staff which is hardly sufficient for the requirements of the country ; but in consequence of the cry raised by the Opposition it has become necessary to conduct some of the public departments with a smaller staff and on less salaries than perhaps the interests of the country require. A larger business can only be managed at an increased cost, while a smaller business can be done for less.

I had occasion to bring up to the end of last year the different causes which affect our Provincial prosperity, and in my statement of 1874 there is a table which shows that, up to the end of 1874, 1,110 miles of railway had been constructed and completed since the 1st July, 1867, and the estimate of the cost made by Mr. Molesworth is \$26,282,709. I follow this up by statements showing the miles of railway completed during this year. Notwithstanding the great depression which has prevailed, and which has made it difficult to raise money for railway works, and the many drawbacks which existed against the promotion of railway enterprises, 186 miles have been completed and opened during this year, at an estimated cost of \$3,806,163. These tables show that since Confederation we have increased our railway system in Ontario by 1,300 miles, involving an expenditure of thirty millions of dollars. A large share of the prosperity the Province has enjoyed since Confederation may properly be attributed to the capital introduced for railway works, and this has assisted to tide us over the recent financial stagnation. The influence of that expenditure has been felt everywhere—in the increased capital of the banks, and in every industry in the country. The agricultural interest I can allude to with some interest, representing now the constituency of South Oxford. Notwithstanding the depression in the lumber trade during this and last year, a good deal of financial difficulty

has been overcome by the products of the dairy and the large harvest, and the fair prices they have realized. The new, progressive industry in dairy products shows the exports of cheese alone through Montreal and New York to exceed \$4,000,000 annually.

I have thus endeavoured, as Treasurer of the Province, to present such a statement of its financial affairs as I hope will enable all hon. members to fully understand them, and I trust no one will be under any apprehension that, so far as regards the financial affairs of the Province, there has not been careful management by the Government. If the administration of the financial affairs of the Province by the present Government is understood according to the true facts, and a proper interpretation of their actions, I am convinced that the Government will deserve to retain the confidence of this House and of the different constituencies of the Province. While the financial affairs of the Province have thus been well administered, the course of legislation by the Government has been such as to promote the best interests of the country. This Administration has endeavoured not to be neglectful of the public interests. I thank the House for their patient hearing. (Cheers.)



STATEMENT OF THE ASSETS AND LIABILITIES OF THE PROVINCE OF ONTARIO, ON 30TH SEPTEMBER, 1875.

I. ASSETS.

1. Investments—

(a) Dominion 6 per cent. in Stock and Bonds....	\$ 850,000 00	
Do. 5 per cent. Debentures, £400,000		
Sterling cost.....	1,897,805 01	
		\$2,747,805 01
(b) Special Deposits in Banks at 5 per cent. interest—for particulars see statement No. 2, (1875) p. 8.....	1,373,000 00	
(c) Balance to credit on current cash accounts.....	24,248 63	
(d) Drainage 5 per cent. Municipal Debentures :		
Amount purchased to 1st January 1875.....	\$104,173 87	
Do. do. in 1875 to 30th September.....	57,797 32	
		161,971 19
(e) Drainage, Municipal Rent :		
Charges for works completed and now in course of assessment.....	\$174,813 13	
Charges for works now under construction.....	65,858 97	
		240,672 10

2. Municipal Loan Fund Debt—

Value of Debentures still unsold, £35,100 Sterling	170,820 00
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3. Special or Trust Funds with Dominion of Canada—

(a) Upper Canada Grammar School Fund—Established 2 Vic. cap. 10, and 250,000 acres allotted to it	\$ 312,769 04	
(b) Upper Canada Building Fund, (under 18 sec. Act of 1854, Seigniorial Tenure, set apart for local purposes in Upper Canada).....	1,472,391 41	
(c) Common School Fund, (see Consolidated Statutes, cap. 26, 1,000,000 acres set apart) 5-9ths of proceeds realized to 1st July, 1867, \$1,645,644 42.....	914,246 90	
		2,699,407 35
By Act (Ont.,) 33 Vic. cap. 9, sec. 5 (1869), these special Funds are made part of the Consolidated Revenue Fund of Ontario.		
Annual Interest paid $\frac{1}{2}$ yearly by Dominion on Funds :		
“(a) and (b).....	\$89,258 00	
“(c).....	47,438 62	

Total.....\$136,696 62

4. Value of Library—share assigned to Ontario by arbitrators.....	105,541 00
5. Premiums over cost at market value of Dominion 5 and 6 per cent. Securities, held by Ontario.....	267,113 09

Total assets.....\$7,790,578 37

II. LIABILITIES, on 30th September, 1875.

1. Railway Aid Fund. Amount of grant.....	\$1,900,000 00	
Less amount paid to 30th September, 1875.....	958,742 00	
		\$941,258 00
2. Railway Subsidy Fund. Amount of annual appropriations, $3\frac{1}{2}$ years to 30th June, 1875.....	\$ 350,000 00	
Less amount paid to 30th September, 1875.....	67,812 36	
		282,187 64
3. Surplus distribution to Municipalities—amount... \$3,115,733 66		
Less amount paid to 30th September, 1875.....	2,030,634 89	
		1,085,098 77

4. Quebec's share of "Common School Fund," collec- tions since 1st July, 1867.	
Total collected to 1st January, 1875.....	\$ 698,646 83
Do. in 1875 to 30th June.....	34,081 70
4-9ths of.....	<u>\$732,728 53</u>
	\$325,657 12
5. Aid to Counties for Gaols under "Prison Inspection Act," Esti- mated.....	
	<u>60,000 00</u>
Total Liabilities.....	<u>\$2,694,201 53</u>
Total Assets.....	\$7,790,578 37
" Liabilities.....	<u>2,694,201 53</u>
Surplus	<u>\$5,096,376 84</u>

STATEMENT of Receipts and Expenditure, from 31st December, 1868,
to 31st December, 1874.

	Receipts.	Expenditure.	Excess of Receipts over Expenditure.	Excess of Expenditure over Receipts.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Balance 1st January, 1868.....			126229 66	
Year ending 31st Dec., 1868..	2260176 49	1192356 78	1067819 71	
Do 31st Dec., 1869..	2625179 29	1444608 83	1180570 46	
Do 31st Dec., 1870..	2500695 70	1580663 21	920032 49	
Do 31st Dec., 1871..	2333179 62	1816866 78	516312 84	
Do 31st Dec., 1872..	3060747 97	1847956 57	1212791 40	
Do 31st Dec., 1873..	2962315 56	2460212 23	502103 33	
Do 31st Dec., 1874..	3446347 89	3871492 82		425144 89
Total	19188642 52	14214157 22	5525859 89	425144 89

Excess of Receipts..... \$5525859 89
Do Expenditure 425144 89

Surplus of Receipts over Expenditure..... 5100715 00

Invested—

(See Public Accounts, 1874, pages 27 and 28)

- (1) Dominion 5 and 6 per cent. securities, purchased at \$2747805 01
(2) Special Deposits in Banks at 31st December, 1874 1328348 69

\$4076153 70

- (3) Special payments not included in above Statement as Expenditures, viz. :—

Railway Fund

1872 \$372786 00

1873 426642 00

Drainage Debentures 53949 22

853377 22

4929530 92

Cash balances in Banks 1st January, 1875..... 171184 08

TABULAR STATEMENT Showing Mileage
on Railways in

No.	NAME OF RAILWAY.	Length in Miles completed or opened in 1875.
1	Midland Railway, Orillia to Midland Bay	20
2	Port Dover and Lake Huron Railway, Port Dover to Stratford	40
3	Toronto, Grey and Bruce Railway, Weston to Toronto	8·55
4	Northern Extension Railway, Severn to Gravenhurst	14
5	London, Huron and Bruce Railway, London to Wingham	30
6	Norfolk Railway, Brantford to Tilsonburgh	
7	Kingston and Pembroke Railway, Kingston to Sharbot Lake	40
8	Canada Central, Renfrew to Pembroke	34
9	Credit Valley Railway, Toronto to Ingersoll and Branches	
10	North Hastings Railway	
11	North Simcoe Railway	
	Totals	186·55

The estimated cost of finishing these lines is assumed with reference to the mileages any of them.

The Estimated Expenditures on the North Hastings and North Simcoe Railways Expenditures, in 1875, are taken from approximate returns received from the several

and Approximate Cost of Construction
Ontario in 1875.

Estimated Expenditure on Works in 1875.	Length of Miles in progress.	Estimated amount required to finish Works.	REMARKS.
\$ cts.		\$ cts.	
203702 00	14	232010 00	Completed to Wabashene.
457228 00	27	299940 00	Completed to Woodstock, Graded to Stratford.
29000 00	Total cost \$149,000, of which \$120,000 was given last year.
284900 00	Terminus of line at Gravenhurst, Lake Muskoka.
950000 00	39	85000 00	Completed to Clinton, iron laid to Wingham.
116000 00	32	120000 00	\$86,000 expended in 1874. Cost this year covers 12 miles of iron.
132919 00	10	150000 00	\$776,797 expended to end of 1874.
816000 00	Will be opened for traffic in January, 1876.
736414 00	116·5	620000 00	\$119,000 given as expended to close of 1874. Total, \$855,414.
30000 00	25	270000 60	No returns, expenditure assumed.
50000 00	31	322000 00	No returns, expenditure assumed.
3806163 00	294·5	2098950 00	

given as under construction, without reference to any further proposed extensions of are assumed, as no returns have been received from these roads. The other Estimated Companies.

T. N. MOLESWORTH,
Engineer Public Works.

